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AGRICULTURAL PRODUCTS QUALITY & COMPETITIVENESS

AG QUALITY AND COMPETITIVENESS MAY BE AFFECTED FOR YEARS TO COME

ST. LOUIS, Mo., July 1—"The issues agricultural leaders discussed here and the decisions they made may affect agricultural quality and competitiveness for years to come," said Assistant Secretary of Agriculture Kenneth A. Gilles.

Gilles said the three-day Agricultural Products Quality and Competitiveness Conference, which ended here today, was an historic event in which government officials, agri-business executives, producers and consumer representatives addressed U.S. food production, marketing, processing and distribution, both foreign and domestic.

"A buyer's concepts may differ significantly from those of the seller," Gilles said. "The views of the buyer as well as the seller should be reasonably in accord. So, we must occasionally ask ourselves how we are doing."

During the conference, which was sponsored by USDA, Gilles said, participants asked themselves how well they were doing and how could they do better in the future.

Workshops at the conference addressed these areas: food grains, feed grains, forage, oilseeds, fresh fruits and vegetables, processed fruits and vegetables, processed edible nuts, red meat, poultry, dairy, sugar and sweeteners, cotton, wool and mohair, aquaculture and public perceptions.

Summaries of each workshop are available from USDA.

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WORKSHOP SUMMARIES—AGRICULTURAL PRODUCTS QUALITY & COMPETITIVENESS CONFERENCE

OILSEEDS WORKSHOP

The Oilseeds Workshop was under the leadership of Kenneth L. Bader. The workshop was comprised of 25 representatives of U.S. producers, handlers, exporters, processors and researchers. The working group reaffirmed its commitment to be competitive on oilseeds quality in domestic and foreign markets. Workshop participants identified four areas for consideration:

- Intrinsic value of U.S. oilseeds such as protein and oil content are becoming increasingly important to end-users. Participants agreed the U.S. market must provide economic incentives to improve the quality of U.S. oilseeds.
- Technology currently exists to analyze the protein and oil content of soybeans. However, implementing this technology throughout the U.S. marketing system, including the first point of sale, will require additional considerations, such as: determining the moisture basis for reporting analytical results; developing a calibration system to ensure accurate and reproducible results; developing a quality assurance program; and training instrument operators.
- Economic incentives should be considered in the U.S. market to encourage the delivery of cleaner oilseeds to domestic and foreign markets.

—Buyers want consistent quality within and between shipments. Workshop members concluded further discussion of these and other oilseed quality issues should be continued under the auspices of the ongoing Grain Quality Workshops.

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POULTRY WORKSHOP

The Poultry Workshop was comprised of 23 members. The leader was Richard H. Forsythe of Campbell Soup Company.

The way to improve the competitiveness of poultry in domestic and international markets is to respond to consumer demands with wholesome, convenient good-value products, workshop members concluded.

Workshop participants thought:

—Products that are convenient to prepare, wholesome and nutritious will sell. Convenience is key to products' success today. Products also must be displayed in eye-catching packages to attract customers.

—To increase the ability of American poultry and egg producers to sell their products internationally, the group encouraged the development of a national agriculture policy—consistent with the needs of the food systems in the United States and foreign markets. They also called for elimination of trade barriers—tariffs, quotas and other interferences with free trade.

—Sharing technology within the poultry and egg industries and throughout the agricultural community will increase productivity and the value of products to consumers. Therefore, the work group encourages such action.

—Another key to the development of new products is the increased funding of research by the private and public sectors. Through research the industry will be able to make new products using advances in biotechnology, microbiology and food science.

—Agribusiness must attract outstanding students to meet the demands of an expanding industry, especially in the field of poultry.

—Technology improvements in producing, processing, packing and distributing poultry and egg products will lead to dollar savings for consumers—which is another way of saying the products will be more competitive. High quality products of good value will always be attractive to consumers in this country and in foreign markets as well.

Improvements in the government inspection and private sector quality assurance programs will also increase the value of United States poultry and egg products. Consumers worldwide expect consistent product quality.

Because poultry and egg products provide high quality protein, consumers who are aware of the nutritional value of poultry and eggs are more likely to purchase these products. Therefore, the group encouraged

consumer education—for today and tomorrow. Education should include information on the proper handling and cooking of poultry and eggs. The group noted that industry and government should work together to educate all in the food handling chain—from the farm to the processing plant, to the restaurant and home—on proper cooking and clean-up procedures.

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PROCESSED EDIBLE NUT WORKSHOP

The 21-member Processed Edible Nut Workshop, led by Ron Henning, identified two major areas of concern: the consumers desire for a more nutritious, wholesome and flavorful product, and industry's need for uniform standards and a consistent supply to insure product quality and enhance market competitiveness. Three major objectives the group felt were important were:

- Standardized quality criteria;
 - Ensuring consumer confidence in the quality and safety of processed edible nuts; and
 - Establishing a single focal point within USDA to help implement industry quality improvement recommendations.
- Issues discussed included:
- Eliminating undesirable characteristics in edible nuts;
 - Improving marketing systems to reflect consumer needs;
 - Strengthening government programs which promote exports of raw/processed commodities;
 - Interpreting government regulations to encourage industry quality enhancement initiatives;
 - The lack of a central database related to emerging quality issues; and
 - The importance of communication and coordination between

government and industry to standardize quality criteria among federal and state agencies.

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COTTON WORKSHOP

Representatives of all seven segments of the cotton industry—producers, ginner, merchants, manufacturers, cooperatives, warehousemen and cottonseed crushers—agreed that the quality of U.S. cotton is higher now than ever before, but that the industry faces many challenges to remain competitive.

Key points in the workshop discussions included:

—Producers have successfully increased yields while improving facets of vital quality.

—While ginning techniques have improved, the industry needs continued technological advancement to assure quality preservation.

—Modern textile equipment is designed to process fiber quickly with a reduced labor force. Manufacturers need stronger, finer cottons to meet the stress on fiber caused by this new machinery, and producers are challenged to meet industry needs by planting cottons with these characteristics.

—For maximum efficiency and economy, manufacturers need as much accurate, detailed information as possible on all properties of the cotton they use to select the best cotton for their use. Cotton's competitors, synthetic fibers, already provide such complete data to manufacturers. To effectively compete, the U.S. cotton classification system—the standard for the world—must continue to improve in accuracy and expand its range of quality factors. To meet this need, the group called for continued improvement of the USDA instrument classification system which classes about 40 percent of the U.S. cotton crop.

Workshop participants said the industry needs a new pricing and loan premium and discount system to reward growers who produce the qualities the marketplace seeks, and to discourage over-processing. They also recognized the need for a farm policy that fosters globally competitive prices in the face of heavily subsidized foreign production.

Workshop participants supported the producer-funded Cotton Research and Promotion Program, which was credited with increasing cotton's domestic and world market share. They agreed there was a need to expand funding for the program through a more uniform collection system.

Conferees were optimistic about future production improvement through biotechnology and other research, and expressed support for USDA efforts in this area.

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PUBLIC PERCEPTION WORKSHOP

Public perceptions are attitudes—often not based on fact, and subject to rapid change, said workshop leader Amy Barr, as some commodity groups have learned the hard way.

Participants agreed the challenge to producers is to get a perspective on those attitudes and provide the products consumers want. “If they affect your product, you’d better listen,” said Jane Anderson of the California Beef Council.

The overriding message is self-interest; the closer a product comes to a personal benefit, the more willing people will be to accept it.

Participants discussed current consumer perceptions and preferences and how to develop or change perceptions to the producer's advantage.

Surveys by the Food Marketing Institute, an association of supermarkets

accounting for \$180 billion in annual sales, and by national women's magazines, show:

- Taste is still the number one priority of food consumers. People won't sacrifice taste for good nutrition.

- Convenience—in preparing foods as well as being able to eat on the run—ranked second.

- Nutrition/health concerns and food safety, respectively, scored third and fourth in the consumer's eye.

The consumer has to see a personal benefit to what is being promoted in a product of commodity, and the message has to be simple—such as “lowsalt” or “low-fat.”

Some clear trends in public perception of nutrition and health show:

- Concern over fat and cholesterol content of food moved ahead of salt content.

- Men are increasingly becoming concerned about being overweight—previously a greater concern of women.

- Ninety-three percent of consumers said they were concerned about nutrition matters in the FMI survey, and that concern will probably increase as the demographics move toward an older population.

Supermarkets are providing reliable and objective nutrition information in brochures. One program is testing store labels listing levels of nutrients such as fat, cholesterol, fiber and salt. Supermarkets will provide even more consumer services in the future. One of the biggest trends is the convenience of prepared foods. It now accounts for 15 percent of all take-home foods.

Workshop speakers advised producers to take the offensive. If they wait too long, they'll find themselves on the defensive.

Valid market research can enable producers to identify current perceptions and promote the positive aspects of their products. Consumers have to perceive value in a product, but their definition of value is always changing.

Food quality is defined in many ways; one of the most important definitions is food safety, participants felt. “Quality is negotiable,” said Howard Bauman of The Pillsbury Company, “but food safety is not negotiable.” Bacterial contamination should be at the top of the list of consumer concerns but is often near the bottom. According to surveys, consumers worry more over pesticide residues, irradiation and nitrates.

Because one of the biggest changes in production may come from biotechnology, how the public perceives it is important, the group agreed.

According to a survey by the Office of Technology Assessment, the more the technology can help individuals, such as delivering new medicines, the more readily they accept it.

Participants agreed that there is no good food and no bad food, but consumers don't always think that way. The consensus was that marketing strategies must be based on the recognition that perceptions are more important than reality.

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RED MEAT WORKSHOP

The members of the Red Meat Workshop, led by Tom Miller and Ken Monfort, established three issues they thought of key importance to their industry:

- Increased responsibility for the quality of red meat products at each level of production—from the producer through the packer;
- More research by USDA on production efficiencies and decreasing fat content of red meat and red meat products; and
- Better education and communication between the industry and consumers.

The red meat group consisted of senior executives from the production, processing and retailing segments of the industry, and officials of the USDA.

To increase consumer confidence, the red meat group called for greater responsibility within the industry for policing itself. Government certainly must continue its inspection role, but industry must also participate in ensuring the quality and safety of red meat—from the producer to the packer. Better animal identification will be helpful in locating the source of problems.

The group identified additional research needs they thought USDA should address. The two most critical areas were increasing production efficiencies and decreasing fat content of red meat and red meat products. A decrease in fat content must not compromise either product taste or animal health.

The group also called for USDA to continue its chemical and microbiological research and testing. They felt it is important that the results of this research, including identification of acceptable tolerance levels and their safety, be communicated effectively to consumers.

The group agreed communication from consumers to industry is important. The industry feels they have made great progress in this area, because they have products with less fat and they monitor chemicals closer.

Consumers want red meat that is safe, wholesome and of high quality. Through better monitoring of itself, improved government research and better communication with and education of consumers, the group felt it will ensure these goals are met by the red meat industry.

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SUGAR AND SWEETENERS WORKSHOP

The Sugar and Sweeteners Workshop was comprised of 20 representatives of sugar growers, processors and refiners; honey producers and packers; and corn sweetener refiners meeting under the leadership of William Cromarty, vice president of Sparks Commodities, as workshop leader.

The U.S. sweetener industry sets quality standards for the world. However, quality alone does not guarantee a market.

Workshop members agreed:

—Specific quality standards and classifications should be developed for honey, both nationally and internationally.

—As a net importing industry, U.S. sugar producers, processors and refiners are undertaking efforts to reduce costs and become more competitive.

—U.S. Government support programs for sugar and honey should be maintained. The levels of support are controversial.

—The U.S. sweetener industry needs the active support of the government in issues of research, new products, export potential, prevention of adulterated products and in marketing and advertising.

—The industry representing farm-produced sweeteners while competing among themselves, intend to work together to meet forthcoming competition from non-nutritive sweeteners.

Issues Workshop Participants Discussed:

—Export opportunities are not being exploited regarding increased demand in developing countries for white refined sugar.

—Imported honey containing antibiotic and biocide residues from compounds are not sanctioned for use in the U.S.

—Consumers perceive honey as a good, healthy product. The image of sugar and corn sweeteners is improving in the 80's.

—Government programs for sweeteners are being threatened.

—The sugar cane refining industry should be recognized as an integral component of the domestic sugar industry.

—There is a conflict between competitiveness and higher costs associated with environmental regulations and worker welfare.

—Producers and users should work together to lower costs, promote and develop new products and study consumer demands for new products.

—There is a proliferation of misleading labeling on products that try to take advantage of the good reputation of farm produced sweeteners.

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FEED GRAINS WORKSHOP

The Feed Grains Workshop consisted of geneticists, producers, handlers, merchandisers, exporters, importers, processors and academia under the leadership of T.L. Sam Irmen. Members felt progress should continue towards implementing the four objectives for grain standards contained in the Grain Quality Improvement Act of 1986:

- To define uniform and accepted descriptive terms to facilitate trade;
- To provide information to aid in determining how long grain can be stored;
- To offer end-users the best possible information to determine product yield and quality; and
- To create the tools for the market to establish quality improvement incentives.

The group agreed that the industry had made significant progress towards these goals. Also the group felt the proposals and recommendations contained in the 1986 grain quality workshop report, “Commitment to Quality” should be implemented. To aid in that process the group unanimously agreed:

- Initiatives outlined in the quality report should continue and additional resources should be made available for implementing that report.
- When new tests for quality became available, USDA’s Federal Grain Inspection Service (FGIS) should make a careful assessment of whether

additional factors should be grade determining, not grade determining, or provided only upon request.

—Grain quality issues are most appropriately addressed through interaction between all segments of the industry and USDA without need for further legislative action.

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FOOD GRAINS WORKSHOP

The Food Grains Workshop was comprised of 33 representatives of wheat and rice growers, handlers, processors and end-users meeting under the leadership of Winston Wilson, president of U.S. Wheat Associates, as workshop leader.

After presentations by five industry leaders, the discussion focused on the different definitions of quality as perceived by various end-users. The consensus of the workshop was that while food grains have many varied uses, the same quality attributes are desired by domestic and foreign users.

The Food Grains Workshop participants made these recommendations:

- 1) End-users need to cooperate to better define their quality needs;
- 2) Domestic and foreign users need to communicate their needs back to plant breeders and growers;
- 3) The market place and the government should give clearer signals through economic incentives to encourage the production and delivery of high quality grain;
- 4) USDA's Federal Grain Inspection Service should continue recent actions to improve grain sanitation/cleanliness such as more accurate

dockage reporting procedures and tighter tolerances on insect infestation; and

5) These issues should continue to be discussed through the Grain Quality

Workshops which have been meeting since early 1986.

Recognizing the parallel importance of domestic and export markets, workshop members felt positive attention of the U.S. grain marketing chain to the needs of those end-users must continue to be a priority. That attention will result in market development and will cement customer relationships.

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WOOL/MOHAIR WORKSHOP

The Wool and Mohair Workshop leader William Schneemann said members of the Wool and Mohair group reached a concensus on several items aimed at improving product quality, grading and marketing.

Specific recommendations included: improving technology in wool and mohair sampling and grading procedures; increasing production through predator control and breed improvement; earmarking more money for research; USDA assistance in initiating product development; and modifying the federal wool and mohair incentive program regulations.

Schneemann said he appointed a committee of technical experts to review testing criteria and sampling procedures needed by the industry. He asked the committee to report its findings at the American Sheep Industry meeting in January.

The group also discussed standard packaging, domestic and international grading standards, industry research and education priorities and the need for strict enforcement of import regulations.

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FRESH FRUITS AND VEGETABLES WORKSHOP

The 20-member Fresh Fruits and Vegetables Workshop was led by Carol Scroggins. Workshop members agreed:

—There are more marketing opportunities now both here and abroad, because of new technologies, improved transportation and better varieties of fruits and vegetables.

—Health, nutrition and diet consciousness of consumers have also contributed toward the increased consumption of fresh fruits and vegetables.

—Although the industry is competing successfully, workshop members felt more could be done about quality and improving marketing.

—Quality and competitiveness within the industry could be improved through better cooperation and improved communication between government and the private sector.

—One of the biggest challenges facing the industry is food safety.

Participants suggested this subject demands immediate attention before a major problem issue emerges. Pesticides and chemical residues in produce were the major topics addressed.

—Maintaining consumer confidence is important and is linked to quality.

With the current monitoring, inspection and grading of fresh produce, fruits and vegetables are safe, wholesome and of good quality. Imported fresh produce must meet the same standards as domestically grown fruits and vegetables.

—Consumers and customers today are demanding more information and neither the industry nor government has all the answers. Several workshop participants suggested the need for “a common agenda” between regulators, producers, marketers and consumers to address the quality issue.

Participants discussed the emerging issues of biotechnology and food irradiation, as well as traditional marketing/quality concerns such as transportation/shipment, price competitiveness, packaging and promotion. Workshop group members gave examples of how each segment of the industry is responding to a changing global market place and increasingly demanding customers. New varieties of seeds to produce sweeter vegetables, or colorful new and exotic varieties of produce now successfully marketed, were two examples.

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DAIRY WORKSHOP

The 29-member Dairy Workshop, led by James Kasten, examined the dairy industry's definition of quality and level of quality assurance from the perspective of the producer, processor and final seller. There was a consensus that product quality starts at the farm level and must be maintained throughout the processing and marketing system.

The group agreed there are many definitions and dimensions to quality. The needs and desires of consumers are the driving force behind quality standards. The industry must continually strive to meet the changing quality levels consumers want. At the same time, the industry must balance consumer needs and expectations with the efficiency it needs to compete in domestic and world markets.

Participants generally felt the current federal standards of identity for dairy products tend to inhibit industry's development of new products to meet changing consumer desires. They said they wanted a joint effort by industry and government to address this issue.

Participants believe industry quality assurance is adequate. However, consumers need to be better informed so they will handle and refrigerate dairy products properly once they leave the market place.

Consumers are becoming more sophisticated about their diet and health. Workshop members felt they should continue to use nutrition education to show dairy products have a place in healthy diets.

The industry is funding several research projects for products to meet consumer demands for low-fat cheeses and desserts and to improve milk packaging.

Research is also being done on cheese flavor development and improving the shelf life and convenience of dairy foods.

The group noted U.S. prices for dried milk products are now competitive with world prices. Workshop members suggested that to gain international markets, the industry must convince world buyers it is committed to the market place and back up this assurance with adequate supplies of high quality dairy products that meet export needs.

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PROCESSED FRUITS AND VEGETABLES

The Processed Fruits and Vegetables Workshop participants, led by Jerome Siebert, recommend a number of suggestions for the U.S. Department of Agriculture to consider for improving the quality and competitiveness of the American processed fruit and vegetable industry. The group agreed quality considerations must be driven by the market place. It also agreed USDA and industry must work together to assess both foreign and domestic market opportunities.

Specific recommendations from the workshop are:

- The government should establish a single regulatory agency for food.
- The government should establish new approaches to handling food safety issues, including:
 1. USDA should take an active leadership role among the federal agencies involved with food safety;
 2. USDA research budgets should be enhanced to find alternatives for the chemicals used in maintaining and improving product quality;
 3. A national system should be initiated for developing standards and tolerances for chemical residues in food, with an even-handed approach given to regulation enforcement across all production and processing segments and product lines;

4. USDA should help industry develop reliable data on chemical residues in food, including an industry system for monitoring and evaluating chemical residues; and

5. Federal regulations concerning chemical residues should preempt state regulations.

—USDA quality standards should be updated, and

1. USDA should establish new standards for products not currently covered;

2. USDA should undertake a new effort to evaluate existing standards;

3. USDA should establish new methods in the inspection program; and

4. The secretary should consider streamlining the acceptance process for new and revised standards.

—The food regulatory process should cover new processing methods as these methods emerge.

—USDA research budget priorities should be market-driven and include more industry involvement in project selection.

—New methods of technology transfer, particularly for biotechnology, should be developed to assure entry of new research discoveries into the market place.

—USDA should provide information on foreign markets, through the Foreign

Agricultural Service, covering product quality requirements, market demand, new products and competitors' capabilities.

—USDA should develop a joint program with industry, using public and private funds, to gather data and provide information to the public on food quality and safety.

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FORAGE WORKSHOP

Forage Workshop members agreed the U.S. hay export market is expanding dramatically. For example, Japan now buys about 1 million tons of hay each year and the market is growing 10 to 20 percent annually, said Donald Ast, the workshop leader. Educating foreign buyers is crucial. USDA's Foreign Agricultural Service has been helpful in funding foreign educational programs. Because of these efforts, foreign buyers are demanding higher quality products.

In addition to Japan; Taiwan and Korea are bright spots on the horizon. Saudi Arabia, Kuwait and United Arab Emirates will soon be buying U.S. hay. Workshop members agreed the foreign buyer is looking for reliable supply and consistent quality. The U.S. must send its best product to meet these needs. We have learned this lesson well in Japan. These potential markets challenge the competitiveness of the industry.

Workshop members felt the greatest single need to enhance forage crop quality and competitiveness is the development of a voluntary, uniform quality indexing system based on proven chemical and biological parameters. Near infrared reflectance spectroscopy (NIRS) is a rapid and accurate method of testing hay and forage crops. Resources are urgently needed to support and train NIRS users and prospective new users. A major Cooperative Extension Service (educational and training) effort is needed to foster accurate NIRS instrument calibration and use. Workshop members proposed establishing a National NIRS Technology Transfer Center initially funded by a public-private consortium to enable this training. The center also should disseminate new information as it is developed by ongoing forage quality research. The center should continue indefinitely via private funding after a ten-year period of public involvement.

Forage quality can be effectively enhanced by genetic improvement through biotechnology and conventional breeding to modify fiber composition, increase nutritive value and decrease quality loss to pests and environmental stresses. To encourage genetic improvement, the industry must explore patenting forage varieties as a means of assuring the development of public and private varieties.

Hay produced by the U.S. forage industry has an annual farm gate value of \$10.8 billion. The competitiveness of this industry has been and continues to be adversely affected by agricultural policies of other commodities. Policy decisions relating to commodity price policy

supports, as well as harvesting of set-aside acreage, disrupts forage markets and encourages forage producers to change to other crops, workshop members concluded.

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AQUACULTURE WORKSHOP

The Aquaculture Workshop included key leaders in research, processing, production and education. The leader was George Williams. Americans want high-quality aquaculture products, and today the Americans industry produces the highest quality fish and other aquaculture products in the world.

American aquaculture is the fastest growing agricultural industry in the U.S. In 1986 the U.S. produced more than 600 million pounds catfish, crawfish, salmon and other products, compared to 200 million pounds in 1980. Farm-raised catfish, for example, has increased from 76.8 million pounds in 1980 to 327 million pounds in 1987—an increase of 326 percent.

There is an increasing demand from American consumers for seafood and fish products, as illustrated in the declining trade deficit for fisheries products. In 1987, the U.S. had a net deficit of \$4 billion in edible fish

products, a great portion of which could be supplied by domestic aquaculture production.

However, aquaculture faces several impediments that may prevent it from meeting this demand, workshop members concluded.

These include:

- the absence of agricultural policies that recognize the potential of aquaculture.
- the lack of access to credit from traditional government sources such as the Farmers Home Administration and the Production Credit Association.
- harmful effects of traditional commodity programs on feed prices.
- inability to obtain federal crop insurance.
- lack of adequate resources and coordination of research to solve industry problems such as flavor consistency, fish health, frozen storage stability, market analysis and increased production efficiency.

Workshop members made these recommendations toward improving the quality and competitiveness of aquaculture products:

- Educate consumers and retailers on the proper handling and preparation of aquaculture products.
- Let health-conscious consumers of the availability of aquaculture products that are high in protein but low in fat, cholesterol and calories compared to other animal protein sources.
- Agricultural and trade policy should support the positive growth of the nearly \$1 billion U.S. aquaculture industry and recognize its commercial viability to ensure the balance of trade. Rather than promoting foreign aquaculture, U.S. dollars should be used to develop the American industry.
- The federal government should play a more active role in meeting the mandate of the National Aquaculture Act, as suggested recently by the House Committee on Merchant Marine and Fisheries.

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**USDA ANNOUNCES PREVAILING WORLD MARKET PRICE
FOR UPLAND COTTON**

WASHINGTON, June 30—Acting Under Secretary of Agriculture Richard W. Goldberg today announced the prevailing world market price, adjusted to U.S. quality and location (adjusted world price), for Strict Low Middling (SLM) 1-1/16 inch (micronaire 3.5-4.9) upland cotton (base quality) and the coarse count adjustment in effect from 12:01 a.m. Friday, July 1, through 12:00 midnight Thursday, July 7.

Since the AWP is above the 1987-crop base quality loan rate of 52.25 cents per pound, the loan repayment rate for 1987-crop upland cotton during this period is equal to the loan rate for the specific quality and location.

The AWP will be used to determine the value of upland cotton that is obtained in exchange for commodity certificates. However, no coarse count adjustment will be applicable during the period because the adjustment is less than 1.00 cent per pound.

Based on data for the week ending June 30, the AWP for upland cotton and the coarse count adjustment are determined as follows:

Adjusted World Price

Northern Europe Price	70.05
Adjustments:	
Average U.S. spot market location	9.53
SLM 1-1/16 inch cotton	2.00
Average U.S. location	0.44
Sum of Adjustments	<u>-11.97</u>
ADJUSTED WORLD PRICE	58.08 cents/lb.

Coarse Count Adjustment

Northern Europe Price	70.05
Northern Europe Coarse Count Price	<u>-63.68</u>
	6.37
Adjustment to SLM 1-inch cotton	<u>-6.25</u>
	-0.12
COARSE COUNT ADJUSTMENT	0 cents/lb.

The next AWP and coarse count adjustment announcement will be made on July 7.

Charles Cunningham (202) 447-7954

#

USDA RELEASES COST OF FOOD AT HOME FOR MAY

WASHINGTON, June 30—Here is the U.S. Department of Agriculture’s monthly update of the weekly cost of food at home for May 1988.

Cost of food at home for a week in May 1988

	-----Food plans----- (In Dollars)			
	Thrifty	Low-cost	Moderate cost	Liberal
Families:				
Family of 2 (20-50 years)	40.80	51.90	64.20	80.0
Family of 2 (51 years and over)	38.80	49.80	61.70	74.0
Family of 4 with preschool children	59.40	74.60	91.40	112.6
Family of 4 with elemen- tary schoolchildren	68.20	87.80	110.00	132.9
Individuals in four-person families:				
Children:				
1-2 years	10.70	13.10	15.30	18.5
3-5 years	11.60	14.30	17.70	21.4
6-8 years	14.20	19.00	23.80	27.9
9-11 years	16.90	21.60	27.80	32.3

Females:

12-19 years	17.60	21.20	25.70	31.2
20-50 years	17.60	22.10	26.90	34.5
51 and over	17.50	21.40	26.60	31.9

Males:

12-14 years	17.60	24.50	30.60	36.0
15-19 years	18.20	25.30	31.50	36.6
20-50 years	19.50	25.10	31.50	38.2
51 and over	17.80	23.90	29.50	35.4

USDA's Human Nutrition Information Service computes the cost of food at home for four food plans—thrifty, low-cost, moderate-cost, and liberal.

Laura Sims, Ph.D., administrator of the Human Nutrition Information Service, said the plans consist of foods that provide well-balanced meals and snacks for a week.

In computing the costs, USDA assumes all food is bought at the store and prepared at home. Costs do not include alcoholic beverages, pet food, soap, cigarettes, paper goods, and other nonfood items bought at the store.

“USDA costs are only guides to spending,” Sims said. “Families may spend more or less, depending on such factors as where they buy their food, how carefully they plan and buy, whether some food is produced at home, what foods the family likes, and how much food is prepared at home.

“Most families will find the moderate-cost or low-cost plan suitable,” she said. “The thrifty plan, which USDA uses to set the coupon allotment in the food stamp program, is for families who have tighter budgets. Families with unlimited resources might use the liberal plan.”

To use the chart to estimate your family's food costs:

—For members eating all meals at home—or carried from home—use the amounts shown in the chart.

—For members eating some meals out, deduct 5 percent from the amount shown for each meal not eaten at home. Thus, for a person eating lunch out 5 days a week, subtract 25 percent, or one-fourth the cost shown.

—For guests, add 5 percent of the amount shown for the proper age group for each meal.

Costs in the second part of the chart are for individuals in four-person families. If your family has more or less than four, total the “individual” figures and make these adjustments, because larger families tend to buy and use food more economically than smaller ones:

—For a one-person family, add 20 percent.

—For a two-person family, add 10 percent.

—For a three-person family, add 5 percent.

—For a five or six-person family, subtract 5 percent.

—For a family of seven or more, subtract 10 percent.

Details of the four family food plans are available from the Nutrition Education Division, Human Nutrition Information Service, USDA, Federal Building, Hyattsville, Md. 20782.

Johna Pierce (301) 436-8617

#

USDA AND USDI AUTHORIZE HAYING OF CERTAIN WATER BANK PROGRAM LANDS

WASHINGTON, June 30—The U.S. Departments of Agriculture and the Interior today approved emergency haying of certain Water Bank Program lands. Counties approved are those previously designated by USDA officials for emergency haying and grazing of Acreage Conservation Reserve and Conservation Use acreage, and haying of Conservation Reserve Program acreage.

The approval is effective tomorrow in some counties and will be effective within 15 days in others.

Deputy Secretary of Agriculture Peter C. Myers said the action is another in a series being taken to provide relief to producers whose crops are suffering from severe drought conditions.

Secretary of the Interior Don Hodel said the later authorization for haying in some counties will protect waterfowl still nesting in WPB wetland areas. “Early next week, we will review the status of nesting in those areas and determine if some can be opened for haying at that time,” he said.

Haying will be allowed for a 30-day period from the date of the approval. Livestock grazing of this acreage is not authorized, Myers said.

Other conditions for haying the WBP lands are:

- ten percent of the land nearest the wetland will not be hayed;
- haying will begin on the land farthest from the wetland and progress inward;

- Participants haying on these lands will have their next per acre rental payment reduced by 25 percent for each acre hayed. Producers also must agree to other conditions set by county Agricultural Stabilization and Conservation Service offices.

Counties that have already been approved for haying and grazing of ACR and CU and haying of CRP acreage in Arkansas, California, Louisiana, Michigan, Mississippi, Nebraska and Wisconsin, plus the following Minnesota counties: Blue Earth, Brown, Carver, Cottonwood, Freeborn, Jackson, LeSueur, Lincoln, Lyon, Murray, Nicollet, Renville, Rice, Scott, Sibley, Steele, Todd, and Waseca, are approved for immediate haying of WBP acreage.

All counties approved for haying and grazing of ACR and CU acreage and haying of CRP acreage in Montana, North Dakota and South Dakota will be approved not later than July 10.

The following Minnesota counties will be approved not later than July 15: Becker, Big Stone, Chippewa, Clay, Douglas, East Ottertail, East Polk, Grant, Kandiyohi, Lac Qui Parle, McLeod, Mahnommen, Meeker, Pope, Stearns, Stevens, Swift, Traverse, West Ottertail, Wright, and Yellow Medicine.

Other counties eligible for haying of WBP acreage will be announced when approved.

The WBP is designed to preserve, restore, and improve the wetlands of the nation. There are about 524,000 program acres in 222 counties of 12 states. Approximately 350,000 of these acres could be used for haying if declared eligible. Participants agree, unless otherwise authorized, not to harvest hay or otherwise use the land for crop production for a 10-year period for which they receive annual payments.

David Klinger (202) 343-5634 (USDI)

#

CCC LOAN INTEREST RATE FOR JULY 7 1/2 PERCENT

WASHINGTON, July 1—Commodity loans disbursed in July by the U.S Department of Agriculture's Commodity Credit Corporation will carry a 7-1/2 percent interest rate, according to Milton Hertz, CCC Executive Vice President.

The new rate, up from June's 7-1/4 percent, reflects the interest rate charged CCC by the U.S. Treasury in July.

Bruce Merkle (202) 447-6787

#

THIRD QUARTER 1988 MEAT IMPORT ESTIMATE BELOW TRIGGER LEVEL

WASHINGTON, July 1—Secretary of Agriculture Richard E. Lyng today announced that the third quarter estimate of 1988 U.S. meat imports is below the level that would require consideration of quotas or import restraints under the 1979 Meat Import Act.

Based on U.S. Department of Agriculture estimates of available supplies, Lyng said imports of beef and certain other meats should total about 1,510 million pounds—about 15 million below the trigger level of 1,525.5 million. "Since the third quarterly estimate of imports is below the trigger, there is no need to consider import restrictions at this time," Lyng said.

The 1979 Meat Import Act requires the secretary to estimate imports of fresh, chilled or frozen beef, veal, mutton and goat meat quarterly, and the president to consider import restrictions if a USDA import estimate equals or exceeds the trigger level.

By law, the adjusted base quantity under the act was set at 1,386.8 million pounds at the beginning of the year, based on a formula specified in the act; that is the level at which quotas could be set. The trigger level under the act is set 10 percent above the adjusted base quantity, and marks the quantity at which import restrictions are considered.

Imports of meat subject to the law—by month—are:

Month	1985	1986	1987	1988
	- - - - - Million pounds - - - - -			
January	53.9	77.7	44.4	135.6
February	87.0	102.2	138.2	112.3
March	87.0	83.2	84.9	153.0
April	94.6	70.8	146.0	138.4
May	122.7	72.1	103.4	134.7
June	84.0	148.4	135.4	
July	162.2	122.1	181.5	
August	104.2	144.0	137.4	
September	134.6	167.4	158.0	
October	138.0	119.8	153.8	
November	88.4	102.4	86.6	
December	156.6	129.2	86.4	
Total*	1,318.6	1,339.3	1,456.0	

*Totals may not add due to rounding.

Sally Klusaritz (202) 447-3448

#

1987 CROP WHEAT, BARLEY PRODUCERS TO RECEIVE DEFICIENCY PAYMENTS

WASHINGTON, July 1—Eligible producers of 1987 crop wheat and barley will receive about \$190 million in deficiency payments this month, Milton Hertz, executive vice president of the U. S. Department of Agriculture’s Commodity Credit Corporation announced today.

Hertz said the final 1987 crop deficiency payments for the two grains, also known as emergency compensation or “Findley” payments, will be in cash and issued as soon as possible through local offices of USDA’s Agricultural Stabilization and Conservation Service.

Wheat producers will receive about \$170 million. They have already received \$335 million in advance emergency compensation payments.

Barley producers will receive about \$20 million.

The payments are required under the 1987 wheat and barley programs because the national weighted average market prices received by producers for the 1987 marketing year (June 1, 1987 through May 31, 1988) were \$2.57 for wheat and \$1.81 for barley. These prices are below the basic per bushel loan rates of \$2.85 for wheat and \$1.86 for barley. Wheat producers who received 18-3/4 cents per bushel advance "Findley" payments will receive an additional 9-1/4 cents per bushel. Barley producers will receive 5 cents per bushel.

Oat producers will not receive a 1987 crop final deficiency payment because the national weighted average market price of \$1.56 per bushel for the 1987 marketing year exceeds the \$1.17 basic loan rate.

Following are the final payments producers are entitled to receive:

	WHEAT	BARLEY	OATS
	---- \$ per bushel ----		
Basic loan rate	\$2.85	\$1.86	\$1.17
less 12-month price	2.57	1.81	1.56
less advance "Findley" payment	.1875	---	---
equals final payment	.0925	.05	---

Bruce Merkle (202) 447-6789

#

USDA AOUNCES PREVAILING WORLD MARKET RICE PRICES

WASHINGTON, July 5—Acting Under Secretary of Agriculture Richard W. Goldberg today announced the prevailing world market prices of milled rice, loan rate basis, as follows:

- long grain whole kernels, 10.98 cents per pound;
- medium grain whole kernels, 10.17 cents per pound;
- short grain whole kernels, 10.08 cents per pound;
- broken kernels, 5.49 cents per pound.

Minimum loan repayment rates for 1987 crop loans are the higher of the world price or 50 percent of the loan rate. For 1988-crop rice, the minimum repayment rates are the higher of the world price or 60 percent of the loan rate.

Based upon these prevailing world market prices for milled rice, rough rice world prices are estimated to be:

- long grain, \$6.61 per hundredweight;
- medium grain, \$6.32 per hundredweight;
- short grain, \$6.13 per hundredweight.

The prices announced are effective today at 3 p.m. EDT. The next scheduled price announcement will be made July 12 at 3 p.m. EDT, although prices may be announced sooner if warranted.

Gene Rosera (202) 447-5954

#

“WINDOWS” OF OPPORTUNITY MAY YIELD NEW CROPS THAT RESIST HEAT, DROUGHT

WASHINGTON, July 6—The bad news is no secret—this summer’s heat and drought are making life tough for crops and for the farmers who grow them.

The good news can be found in an Agricultural Research Service laboratory in Lubbock, Texas, where U.S. Department of Agriculture scientists now think they may know why heat damages plants—a discovery they hope will lead to crops better able to withstand not only heat and drought, but other stresses as well.

Two enzymes linked to plant stress are now thought to function best “within a temperature range we call a thermal kinetic window,” said Jerry L. Hatfield, a research leader at the ARS laboratory.

“When the plant’s temperature rises above the window, it begins losing its ability to cope with heat stress,” Hatfield said.

The thermal kinetic windows vary by plant species and are much narrower than expected. For example, corn has a range of 77 to 88 degrees Fahrenheit; cucumbers, 93 to 100 F; wheat, 62 to 73 F; spinach, 50 to 63 F; and cotton 73 to 90 F.

Hatfield said plant physiologists John J. Burke and James R. Mahan are the first to analyze the two enzymes’ activity at different temperatures. One of the enzymes studied, glutathione reductase, stops the buildup of potentially lethal waste byproducts of a plant’s effort to cope with heat stress. The other, hydroxypyruvate reductase, is thought to protect photosynthesis in times of drought or other stresses.

The research team, which is planning lab studies with six other

enzymes, hopes to transfer one plant's genes for controlling an enzyme's temperature-specific behavior into other plants.

“Having the ability to give plants new genes that would grow better at a warmer or cooler temperature would be a great help to farmers,” Hatfield said. “The enzyme studies may also give us a new way to screen plants for their ability to cope with heat, drought and other stresses.”

“Although such advances may be a long way off, they could lead to crops better equipped to face such climatic changes as the gradual heating that may occur from the buildup of carbon dioxide in the earth's atmosphere,” Hatfield said.

Scientists have known for about 50 years that plants use most of the water they absorb to cool themselves off by transpiration—releasing water vapor through leaf openings called stomates.

“In the morning, plant leaves are at air temperature. But as the day warms up, the plant warms up too, until it reaches its optimal temperature range,” said Jerry E. Quisenberry, director of the Lubbock laboratory.

As water becomes scarce, the cooling process begins to shut down—the stomates begin closing and the plant temperature rises. And, if air temperature rises above 100 degrees, as it has this summer, the plant enzymes become less effective. Eventually, the plant dies unless it can get both the water and the cooler temperature it needs to maintain itself.

Don Comis (301) 344-2773

#

WAREHOUSEMEN TO STORE 100 MILLION BUSHELS OF FOOD SECURITY RESERVE WHEAT

WASHINGTON, July 6—The U.S. Department of Agriculture's Commodity Credit Corporation has accepted offers from warehousemen having Uniform Grain Storage Agreements (UGSA) to store about 100 million bushels of wheat for the Food Security Wheat Reserve, according to Milton J. Hertz, CCC executive vice president.

Under a supplement to their agreements, warehousemen submitted offers to store U.S. No. 2 or better grade CCC-owned wheat. Minimum offers were for 40,000 bushels.

Hertz said the Food Security Wheat Reserve Act of 1980, as amended,

requires CCC to hold up to 4 million metric tons (147 million bushels) of CCC-owned wheat in the reserve for emergency humanitarian food needs in developing countries. Quantities needed to fulfill the reserve, in addition to the 100 million bushels accepted, will continue to be maintained at undesignated locations in the regular CCC-owned wheat inventory at UGSA rates, he said.

All offers accepted were at rates less than the warehouseman's regular UGSA storage rate except in a few instances where regular UGSA rates were accepted to accomplish needed geographic and class distribution. "Accepted offers average about 5 cents per bushel less than the warehouseman's regular UGSA annual storage rates," Hertz said. "This will result in a significant savings for storage of reserve wheat."

Supplements to UGSA contracts will be mailed to successful bidders next week.

CCC-owned wheat in the Food Security Wheat Reserve will not be available for sale or exchange.

Bruce Merkle (202) 447-6787

#

NO PAYMENT REDUCTION FOR PRODUCERS DONATING ALL CRP, WBP HARVESTED HAY

WASHINGTON, July 6—Producers in counties approved for haying of Conservation Reserve Program and Water Bank Program acreage who donate all the hay harvested off such land will not be subject to the previously announced 25 percent reduction from their next annual per acre rental payment for the acreage hayed, Secretary of Agriculture Richard E. Lyng announced today.

Lyng said the producer must donate the hay through a designated state agency engaged in drought relief efforts and obtain a certification from an official of the state agency that the hay has been donated in accordance with the requirements for exemption from the payment reduction.

Robert Feist (202) 447-6789

#

USDA COUNTY ASC COMMITTEES GIVEN DISASTER DESIGNATION AUTHORITY

WASHINGTON, July 7—The U. S. Department of Agriculture announced today that its county Agricultural Stabilization and Conservation committees are now authorized to declare their counties eligible for aid under the Emergency Feed Program and the Emergency Feed Assistance Program.

Milton Hertz, administrator of USDA's Agricultural Stabilization and Conservation Service, said that each ASC committee will have the authority to make the declaration based on a determination of substantial feed loss in the county.

Previously, the procedure for designating counties eligible for assistance under the two feed programs required the county ASC committee to submit a request for such aid to its state ASC committee. If the state ASC committee approved, it then forwarded the request to the ASCS deputy administrator for state and county operations in Washington, D.C., who made the final decision of approval or disapproval.

Eligible producers under the Emergency Feed Program may receive government cost-share assistance for the purchase of grain for livestock feed.

Under the Emergency Feed Assistance Program, federal governmentowned grain is sold to eligible producers at 75 percent of the county loan rate.

Further details are available from county offices of the Agricultural Stabilization and Conservation Service.

Robert Feist (202) 447-6789

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